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65-6919/A

✓
26 NOV 1965

Honorable George W. Ball
Under Secretary of State
Department of State
Washington, D. C.

Dear Mr. Ball:

In reply to your letter of November 17, 1965, you are probably now aware that the 303 Committee has approved both aspects of the covert support program for Indonesia. We have obtained the necessary funds and the operational arrangements are now being effected.

Sincerely,

(signed) W. F. Raborn

W. F. Raborn
Director

CONCUR:

[Signature] 23 NOV 1965
Executive Director-Comptroller (date)

O/PPB;RLStallings:cnb (19 Nov. '65)
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THE UNDER SECRETARY OF STATE
WASHINGTON

65-6472

*Noted by DCI.
Welder*

November 2, 1965

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Dear Red:

As requested in your letter of October 13th, we have looked over your initial draft terms of reference for an estimate on reactions to different US courses of action in the Indo-Pakistani situation. *Sh. B.*

I think you will agree that a major problem is to cut this paper down to manageable proportions; we have tried to do this by setting up a new series of assumptions. The scope note is important and stands as drafted. We are in general agreement with your formulation of the five courses of action, and offer the attached draft which we feel sharpens the issues involved somewhat more than the original formulations.

To achieve maximum utility, the estimate should be completed before the proposed Shastri and Ayub visits. I suggest that we aim tentatively for early December with the understanding that we may adjust the date of completion when the timing of the visits has been decided.

Sincerely,

George W. Ball
George W. Ball

Attachment:
As stated.

Admiral William F. Raborn,

Director,

Central Intelligence Agency.

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THE PROBLEM

To estimate the effect on the South Asian subcontinent of certain US courses of action.

ASSUMPTIONS

1. Communist China remains preoccupied with the war in Vietnam and will not launch a major military attack on India. It is, however, willing at any time to resume military probes across India's northern border.

2. The USSR maintains a neutral policy in regard to stopping open Indo-Pakistan hostilities, but continues its basic pro-Indian policy including both economic and military assistance.

3. The cease-fire endures, the UN achieves at least a limited troop withdrawal, but no political settlement is in sight and the Security Council remains the focal point of UN action.

SCOPE NOTE

The problems of the subcontinent and US interests there are complex and interrelated. It follows that any particular US action will produce different reactions according to the other decisions which accompany it and set the general context of US policy. In order to render the problem manageable, we assume in this estimate five general US courses of action. In so doing, however, we recognize that many other combinations of policy decisions and many variations of emphasis are equally possible.

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COURSE I: The US, convinced that India is potentially the most effective counterweight to China in Asia and that Pakistan's rapprochement with China cannot be held within acceptable limits, moves clearly toward India with the prior understanding that the price of US support will be renunciation of an independent Indian nuclear weapons capability and collaboration with the US in the security field in relation to Communist China. The US resumes large-scale economic aid to India and substantial military assistance; it refrains from pressing India to make concessions on Kashmir; it resumes economic but not military assistance to Pakistan.

COURSE II: The US, concluding that Pakistan can be made a reliable ally and that a close working relationship with India is precluded for the indefinite future, focuses its support on Pakistan on condition that, in return for the US pressing India for concessions on Kashmir, Pakistan will limit its relationship with China. The US resumes extensive economic aid to Pakistan; it makes military aid immediately available and increases previous military commitments to a level that enables Pakistan to face confidently any future military threat from India; it renders some economic but no military aid to India and presses hard for concessions on Kashmir.

COURSE III: The US, believing that the premises of its major investment in the subcontinent are still valid, seeks a compromise solution on Kashmir that would leave its relations with both India and Pakistan essentially intact. To this end, it works through the UN and bilaterally to get negotiations for a political settlement underway; it resumes economic assistance

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to both countries in a manner calculated to bring both disputants to the negotiating table; it supplies replacements for present levels of military hardware without, however, altering the basic balance of military force.

COURSE IV: The US, convinced that a lasting political solution can only be arrived at between the disputants themselves and that US participation in the negotiation process would be disadvantageous, adopts a wait-and-see policy. It resumes limited economic aid on a short-term basis and conditions longer term economic assistance on an effective process for keeping Indo-Pakistani tensions under control, on Pakistan's self-imposed limitations on its relationship with Communist China, and on India's economic performance. Depending upon progress in limiting Indo-Pakistani tensions, the US makes available replacements for present levels of military hardware, but avoids longer term MAP negotiations.

COURSE V: The US concludes that Indo-Pakistani hostility is so profound as to be insoluble in the foreseeable future, thereby rendering previous levels of US assistance disproportionate to US interest in the subcontinent. Taking a calculated risk that India and Pakistan will increase their dependence on Communist and other support, the US adheres to modest programs providing limited PL 480 assistance, limited amounts of program aid, but no new project assistance and no military aid.